



# Lincolnshire Economic Briefing

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## Headlines

### National

Economic growth improves to 0.7 per cent (Q2 2015)

Manufacturing output down but services output remains strong and stable

Inflation falls back to 0.0 per cent in August

### Local

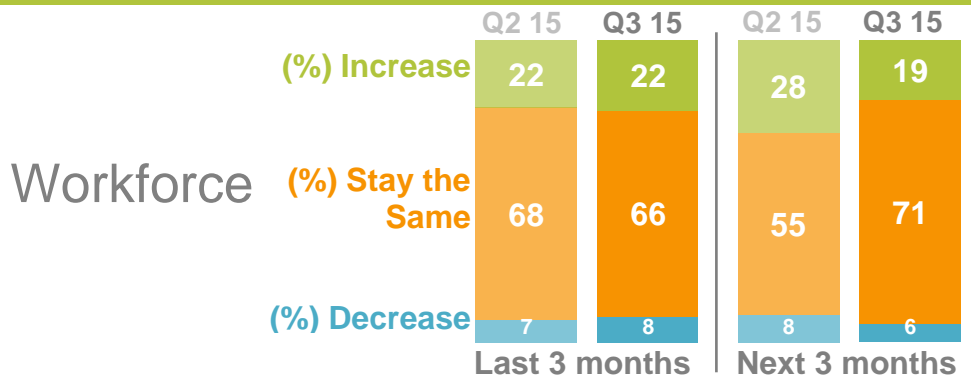
Employment rate currently 74.6 per cent, above the national rate (72.6 per cent)

Overall unemployment continues to fall, with long term unemployment now below the national average

## Quarterly Economic Survey Snapshot – Q3

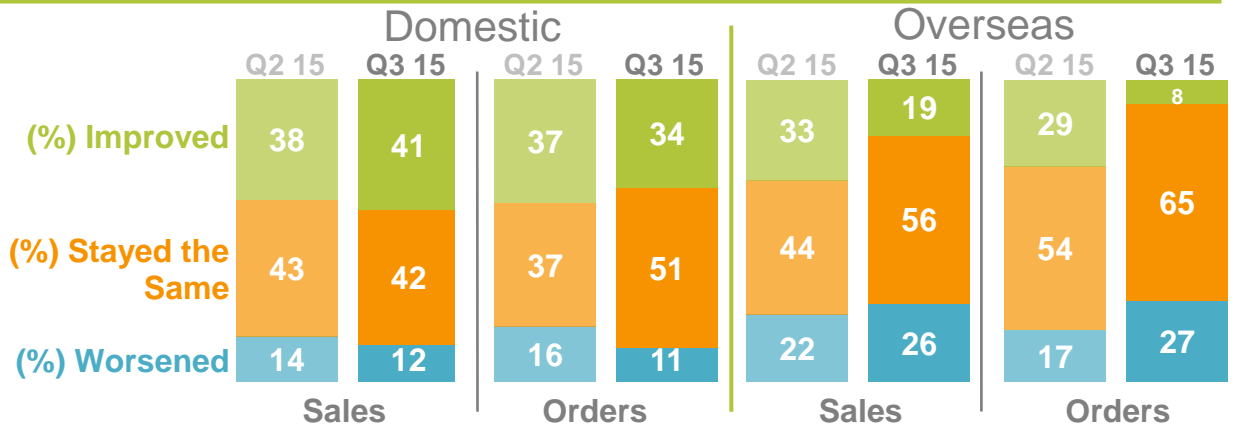
**Headlines**

- Domestic demand remains strong
- Businesses reporting increased domestic sales and orders at all-time high
- High levels of confidence in increases in turnover and profitability remain



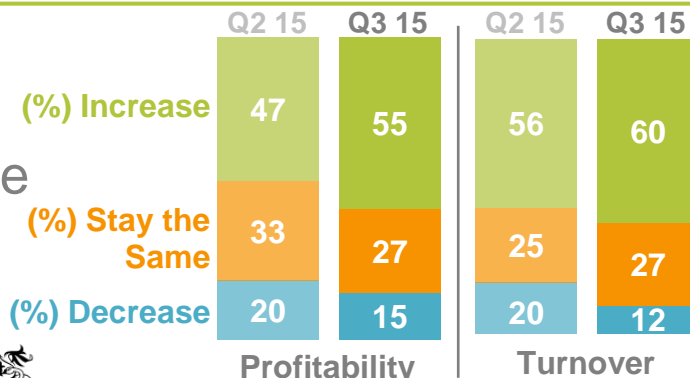
### Sales and Markets

Last 3 Months



### Performance

Next 12 Months



Net balance of exporting businesses is negative for the first time in the history of the Lincolnshire QES

Large increase in businesses stating their workforce will remain the same over the next three months





## Domestic Demand Key As Pressure on Exports Grows

**Domestic demand is key to current UK economic growth and confidence** according to the latest findings from the Lincolnshire Quarterly Economic Survey (QES).

**Businesses reporting increased domestic sales and orders are at an all-time high**, and show no obvious signs of abating.

However, when we look at overseas sales and orders, then the net balance of exporting businesses is negative for the first time in the history of the Lincolnshire QES. This essentially means that **more exporting businesses are reporting decreases in both sales and orders than those reporting increases**.

These results are primarily being driven by the Manufacturing sector, but the Service sector is not immune to this either.

These findings are also backed by the fact the Lincolnshire Chamber of Commerce have experienced a sizable year on year fall in request for documentation to support exports.

It is fair to say then that export markets are under a fair bit of pressure at present. We stated last quarter that the Pounds continued and increasing strength was one of the factors in this. Since then the Pound has dropped slightly against the Euro (now £1=1.37 Euro) but is still high relative to historic rates. Europe is our biggest trading partner, both nationally

and locally. As to whether things will improve for exporters on this front depends very much on foreign exchange markets views of whether Greece will stay in the Euro. On a more positive note, growth in the Eurozone was recently revised upwards to 0.4 per cent for the period April to June 2015, but this is still below the UK's latest growth rate (0.7 per cent). It also lags the UK in its recovery with fairly stagnant growth in the last few years.

Perhaps unsurprisingly the workforce of those responding to the survey has remained largely unchanged. There has also been a large increase (16 percentage points) in **businesses stating that their workforce will remain the same over the next three months**.

Despite all of this local businesses appear to be quite bullish about the future **with high levels of confidence that turnover and profitability will increase over the next year**.

Exports and exports markets are going to be the short to medium term challenge for many businesses, whilst increasing exports forms an integral part of the government's plan to increase productivity. There is support available, and opportunities for growth, with UKTI's Export week in November, and the recent signing of a historical agreement between Lincolnshire and Chinese province of Hunan, see page 4 for more information.

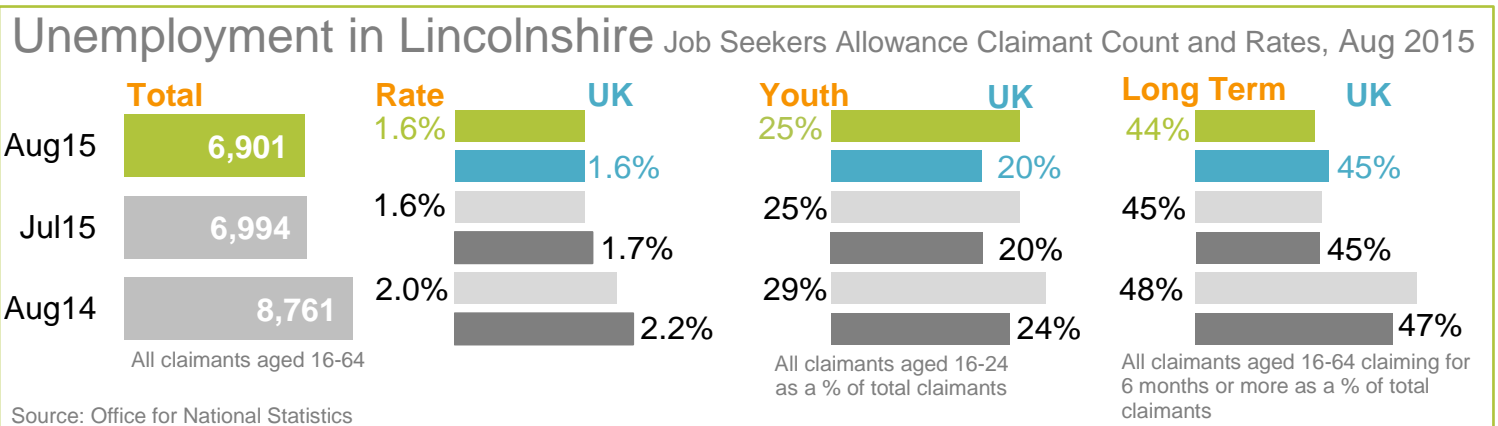
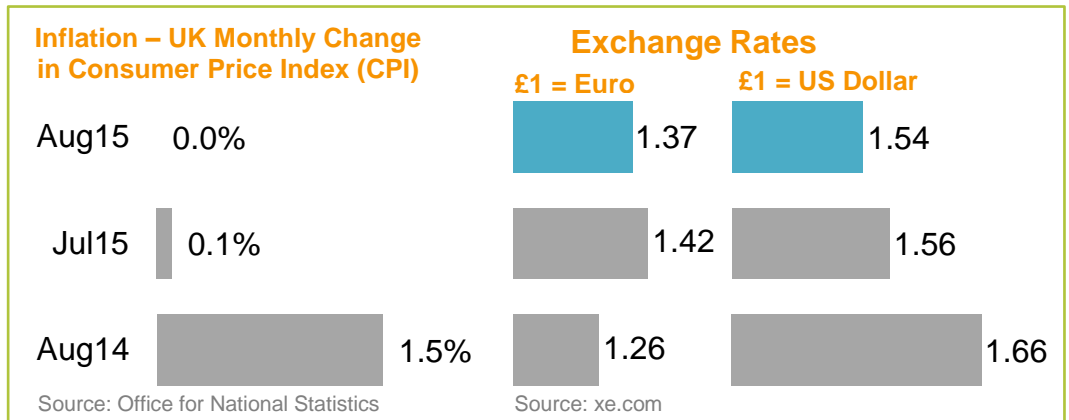
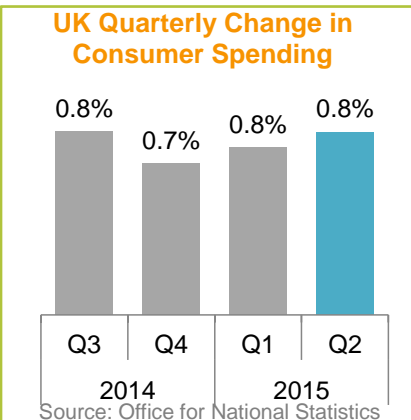
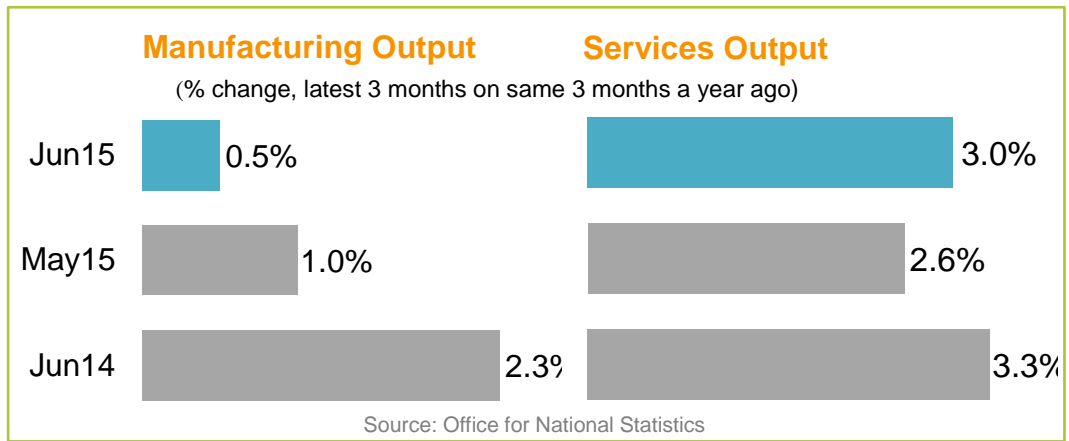
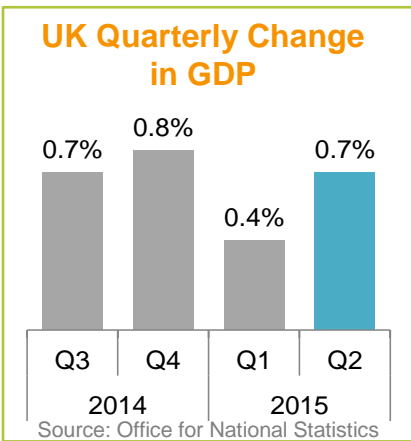
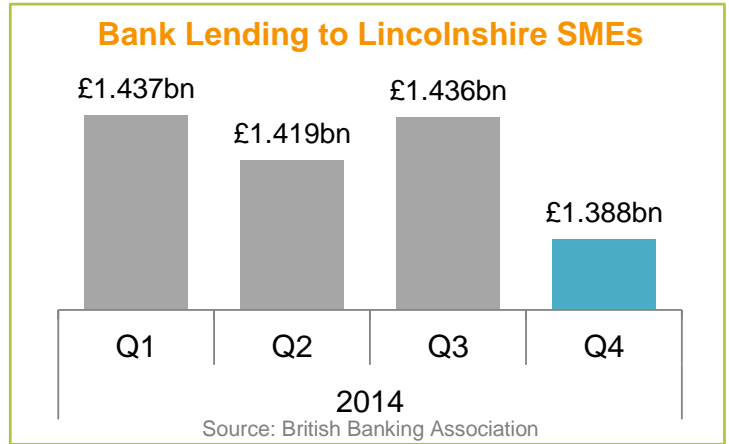
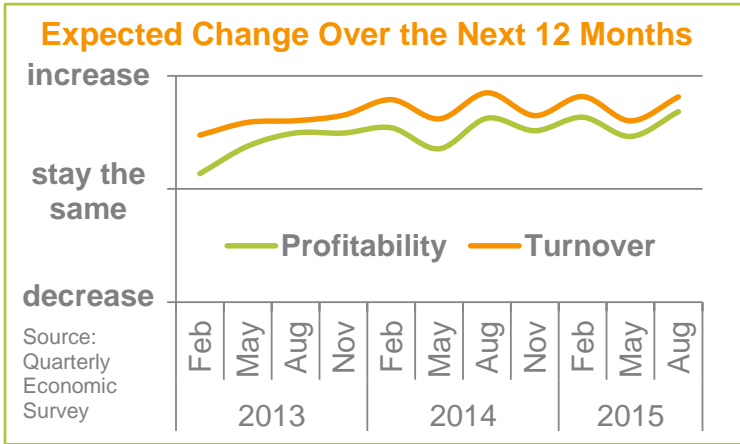
## Previous Quarter (Q2) Comparison with National Results

The net balance of companies that say:	Manufacturing		Services	
	Lincolnshire	UK	Lincolnshire	UK
Their UK sales increased	↓	↓	↑	↓
Their UK orders increased	↓	↓	↑	↑
Their export sales increased	↓	↓	↑	↓
Their export orders increased	↓	↓	↑	↑
They expect turnover to improve*	↓	↓	↓	↑
They expect their workforce to increase**	↓	↓	↑	↑

\*in the next 12 months \*\*in the next three months



# National and Local Economic Indicators





## UKTI Export Week

UK Trade & Investment will be holding its next Export Week from the 9th-13th November. Across the week there will be a varied series of events all over the UK, aimed at businesses to either start their export journey or increase their international business. These events include seminars, workshops and briefings to provide practical advice on doing businesses overseas. To find out more about the support on offer and events in our region visit <http://www.exportweek.ukti.gov.uk/full/>

## Chinese Trade Agreement

**The county council has signed a declaration of friendship and economic co-operation with a booming Chinese province - a move that promises increased prosperity for both regions.**

A delegation from Hunan, one of China's fastest-growing provinces, has been in the county for two days. The visit aims to foster mutual understanding, friendship and co-operation between the two regions, with a formal declaration signed to promote common prosperity and development.

**Want to know more about Lincolnshire businesses involvement in international trade? Download our recent exporting research report at <http://www.research-lincs.org.uk/UI/Documents/Exporting-2015.pdf>**

Cllr Colin Davie, Executive Member for Economic Development, said:

*"The delegation has been very impressed with what they've seen and I believe this is the beginning of a long and prosperous relationship between our two areas."*

*"China has become one of the largest and most important export markets in the world, and many county firms already have ties there."*

Some of the sectors that are earmarked for future collaboration are agriculture, engineering, adult social care, culture and education.

## Useful Contacts

**Business Lincolnshire** - The local website linking you to schemes and services to help you start or grow your business: [www.businesslincolnshire.com](http://www.businesslincolnshire.com)  
[www.gov.uk](http://www.gov.uk)

**Lincolnshire & Rutland Employment and Skills Board** - Giving employers opportunities to lead and influence local training provision to have access to skills needed to grow their business.  
[www.lincsrutlandesb.com](http://www.lincsrutlandesb.com) tel: 01522 550545  
email: [clare.hughes@lincolnshire.gov.uk](mailto:clare.hughes@lincolnshire.gov.uk)

**Greater Lincolnshire Local Enterprise Partnership** - Supporting business in the region; aiming to improve infrastructure and conditions for doing business from the Humber to the Wash.  
[www.greaterlincolnshirelep.co.uk](http://www.greaterlincolnshirelep.co.uk)  
email: [GLLEPsecretariat@lincolnshire.gov.uk](mailto:GLLEPsecretariat@lincolnshire.gov.uk)

**Jobcentre Plus** - Providing services that support people of working age from welfare into work, helping employers fill their vacancies  
[www.gov.uk/jobs-jobsearch](http://www.gov.uk/jobs-jobsearch) [www.gov.uk/advertise-job](http://www.gov.uk/advertise-job)

**Select Lincolnshire** - Raising the profile of Lincolnshire, promoting and attracting investment into the county, signposting to local produce within the County and promoting food and drink across the UK. [www.selectlincolnshire.com](http://www.selectlincolnshire.com) tel: 01522 550618  
email: [select@lincolnshire.gov.uk](mailto:select@lincolnshire.gov.uk)

**Lincolnshire Chamber of Commerce**  
A membership organisation providing business - support advice and benefits. [www.lincs-chamber.co.uk](http://www.lincs-chamber.co.uk) tel: 01522 523333 email: [enquiries@lincs-chamber.co.uk](mailto:enquiries@lincs-chamber.co.uk)

**Trading Standards business advice**  
Giving support and encouragement to businesses by giving advice and information to help them get it right first time. [www.lincolnshire.gov.uk](http://www.lincolnshire.gov.uk) tel: 01522 782341  
email: [TradingStandards@lincolnshire.gov.uk](mailto:TradingStandards@lincolnshire.gov.uk)

**Federation of Small Businesses**  
A non-profit making membership group promoting the interests of the self-employed and owners of small businesses [www.fsb.org.uk](http://www.fsb.org.uk) email: [david.thorpe@fsb.org.uk](mailto:david.thorpe@fsb.org.uk) tel: 01522 790806 (Direct)  
m: 07917 628927 tel: 01522 688070 (Lincoln Office)

All information contained in this briefing is the most up-to-date available at time of publication (30<sup>th</sup> Sept 2015). This briefing has been produced by the Economy and Environment Research Team at Lincolnshire County Council, and published on the Lincolnshire Research Observatory (LRO) website. Visit the Economy theme page on the website for more information [www.research-lincs.org.uk/Economy](http://www.research-lincs.org.uk/Economy)